

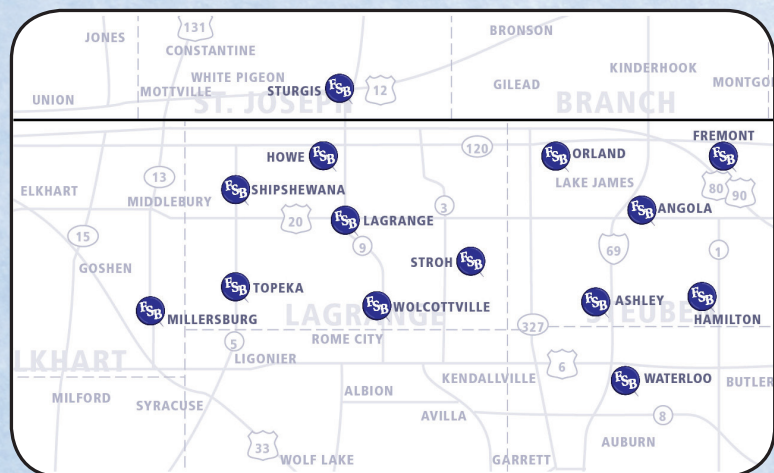
F S Bancorp Reports First Half 2015 Financial Results

We are excited to report continued improvement in our bottom line results. Our earnings for the first half of 2015 were 6% higher than the earnings for the first half of 2014. We are very pleased with these results as we continue to make significant investments that we believe are important to the future of our company and the communities we serve.

Our strong earnings were driven by 7% growth in our net interest income which was, in turn, driven by consistent efforts to grow mutually beneficial customer relationships. We plan to expand our position as the primary financial institution in the communities we serve.

Our balance sheet also continues to grow and strengthen. We are excited to see our total assets approach \$600 million, knowing that the first time quarter end assets exceeded \$500 million just two years ago. With total assets, loans, deposits and capital all reaching record quarter end levels at June 30th, we are well positioned to generate very solid financial performance for the remainder of 2015. Additionally, we continue to focus on having a very high quality loan portfolio that has continued to perform extremely well in 2015.

While the investments we have made in personnel, technology and facilities have placed pressure on short term earnings, we believe the ability to grow our company is dependent upon these investments. We will continue to create solid returns for our shareholders as we strive to be the best bank in town.



888.492.7111 / Telephone Banking 866.463.1110

F S Bancorp and Farmers State Bank

June 30, 2015

Report of Condition

F S Bancorp

Farmers State Bank

100 YEARS



Gordon T. Anderson
President, PowerScreen Indiana, Inc.

Roger A. Bird
*Shareholder-Bird, Brothers,
Scheske, & Reed P.C.
Attorneys-at-Law*

Frederic J. Brown
*Chairman, F S BANCORP
Chairman, Farmers State Bank
Retired Pharmacist, Miller's Super Valu*

James M. Ingledue
CEO/Founder, Jim Ingledue Construction, Inc.

Winford Jones
Owner, Yoder's Shippshewana Hardware

Kevin Lambright
*Co-Owner, Shippshewana Auction/Flea Market
Co-Owner, Shippshewana Farmstead Inn
& Conference Center
Co-Owner, Trading Places Antiques*

Thomas L. Miller
President, Topeka Pharmacy

Rodney Perkins
*Co-Owner of Perkins Twin Creek Farms,
Stroh*

Ruth R. Perry
Retired CEO, Perry Personnel Plus, Inc.

Joseph G. Pierce
*President & CEO, F S BANCORP
President and CEO, Farmers State Bank*

Honorary Directors
*Jerry O. Grogg
James W. Perkins
Miles S. Perkins
C. Lynn Tracey*

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Report of Condition

CONSOLIDATED BALANCE SHEETS

June 30, 2015 and 2014

	2015	2014
Assets		
Cash and due from banks	\$71,035,285	\$60,246,134
Federal funds sold	0	0
Investment securities	77,839,916	77,868,057
Federal Home Loan Bank Stock	1,723,000	2,470,400
Loans		
Total Loans	411,935,865	385,905,115
Less deferred loan fees	(19,436)	(25,115)
Less allowance for loan losses	(5,058,818)	(5,459,490)
Loans, net	406,857,611	380,420,510
Premises and equipment, net	8,461,404	8,047,244
CVS-Insurance	10,349,659	10,474,795
Goodwill and other intangible assets	3,214,846	3,442,566
Other assets	5,280,424	5,238,170
Total Assets	\$584,762,145	\$548,207,876
Liabilities		
Deposits		
Noninterest-bearing demand	\$143,351,396	\$148,472,738
Interest-bearing demand	160,498,331	115,814,899
Savings	113,192,855	103,179,236
Time under \$100,000	56,442,517	63,778,160
Time \$100,000 and over	30,196,445	34,913,564
Total Deposits	503,681,544	466,158,597
Repurchase Agreements	3,701,006	5,032,381
Federal Home Loan Bank Advances	16,849,475	20,746,298
Other liabilities	3,541,018	3,550,065
Total Liabilities	527,773,043	495,487,341
Shareholders' Equity		
Common stock: No par value, 5,000,000 shares authorized and 1,190,976 issued	148,872	148,872
Paid-in capital	3,761,893	3,769,058
Retained earnings	55,304,720	51,109,138
Net unrealized gains (losses) on securities	217,469	265,396
Less treasury stock, at cost	(2,443,852)	(2,571,929)
Total Shareholders' Equity	\$56,989,102	\$52,720,535
Total Liabilities and Shareholders' Equity	\$584,762,145	\$548,207,876

CONSOLIDATED STATEMENTS OF INCOME

For the Six Months Ended June 30, 2015 and 2014

	2015	2014
Interest Income		
Interest and fees on loans	\$9,814,008	\$9,153,922
Interest on investment securities	791,621	864,817
Other interest and dividend income	153,684	136,167
Total Interest Income	10,759,313	10,154,906
Interest Expense		
Interest on deposits	382,883	499,691
Interest on FHLB advances and other borrowings	308,012	342,944
Total Interest Expense	690,895	842,635
Net Interest Income	10,068,418	9,312,271
Provision for loan losses	60,000	-
Net Interest Income after Provision for Loan Losses	10,008,418	9,312,271
Other Income		
Service charges on deposit accounts	837,773	865,703
Trust Department Income	155,766	134,700
Financial Services	73,846	122,792
Mortgage banking	98,242	116,787
Security gains and losses	37,906	19,858
Other service charges, commissions and fees	1,191,459	1,044,034
Total Other Income	2,394,992	2,303,874
Other Expenses		
Salaries and employee benefits	4,804,430	4,652,692
Occupancy expense of premises, net	544,236	544,056
Furniture and equipment, data processing expense	879,254	820,324
Advertising and marketing expense	273,389	116,231
FDIC Assessment	158,309	157,206
Other expenses	1,555,202	1,480,311
Total Other Expenses	8,214,820	7,770,820
Income Before Income Taxes	4,188,590	3,845,325
Provision for income taxes	987,113	829,661
Net Income	\$3,201,477	\$3,015,664
Basic Earnings per Common Share	\$2.86	\$2.70
(Based on 1,118,011 and 1,117,219 average shares outstanding in 2015 and 2014.)		